



Q2 FY2020 Earnings Presentation



TCI EXPRESS
LEADER IN EXPRESS



H1 FY2020 and Q2 FY2020 Highlights

Strong Financial Performance with 9.3% Income and 60.6% PAT Growth in Q2 FY2020
Board Recommended Dividend of Rs. 1.5 per share, Pay-out of 12.9%

Rs. 528 Cr

 6.4% y-o-y

H1 FY20 Income

Rs. 271 Cr

 9.3% y-o-y

Q2 FY20 Income

41.4%

H1 FY20 ROCE

Rs. 63 Cr

 12.8% y-o-y
Margin 11.9%

H1 FY20 EBITDA

Rs. 32 Cr

 15.1% y-o-y
Margin 11.9%

Q2 FY20 EBITDA

28.7%

H1 FY20 ROE

Rs. 45 Cr

 37.5% y-o-y
Margin 8.4%

H1 FY20 PAT

Rs. 26 Cr

 60.6% y-o-y
Margin 9.6%

Q2 FY20 PAT

43.3%

Cash Conversion Ratio





Commenting on the results, Mr. Chander Agarwal, Managing Director, said:

“I am pleased to report that TCI Express has delivered Revenue from Operations of Rs. 271 crores in Q2 FY2020, an increase of 9.3% on Y-o-Y basis compared to Q2 FY2019. The Company delivered an EBITDA of Rs. 32 crores, growth of 15.1% and margins expanded by 60 bps to 11.9% during the same period. Profit after tax was Rs. 26 crores in Q2 FY2020, representing an increase of 60.6 % on Y-o-Y basis, with margins of 9.6%. The revenue growth was driven by increase in Small and Medium Enterprises (SME) customers. The margin improvement was attributable to operational efficiency and better working capital management.

We also expanded our geographical presence and opened 15 new branches in the quarter. The objective is to go deep in the metro cities and tap more and more SME customers. During the quarter, we held an official ground-breaking ceremony for our two new sorting centres at Gurgaon and Pune. Construction of the new 2 lakh sq.ft. sorting centre at Gurgaon and 1.5 lakh sq.ft. sorting centre at Pune, a total of 3.5 lakh sq. ft., are expected to be completed by end of the current fiscal year with commercial operations projected to begin from Q1 FY2021. The complete automation and implementation of business intelligence at owned sorting centres will result in shorter turnaround time and enhanced operational efficiencies in the long run.

The domestic economy during the second quarter of FY2020, experienced slowdown due to weakening industrial activity across sectors, with a minor uptick in demand near the end of quarter with the onset of festive season. Despite the headwinds, we were able to deliver a robust growth which can be attributed to our unique value proposition, strong partnership arrangement with Vendors and support from our growing and diversified client base of SMEs.

Furthermore, the government target for USD 5 trillion economy has put an emphasis on logistics sector and with initiatives such as Multi-Modal Logistics Parks Policy, National Logistics Portal, Industrial Corridors are expected to drive growth going forward.

We remain cautiously optimistic about the domestic economic environment and will continue to focus on our core strengths of delivering time definite solutions to our customers and further strengthen our balance sheet.

Why TCI Express?

Ranked 457 in Top 500 Companies based on Market Cap, as on March 31, 2019

1

Asset Light
Business Model



2

High Value Cargo
(Low volume, high
margins)



3

No Franchise:
All owned
Branches



4

Lowest Cost
Structure



5

API based back-
end technology



6

Containerized
Movement



7

Superior
Customer Support
Services



Fastest Express Delivery Company in India

TCI XPS was established in 1996 as one of the foremost divisions of Transport Corporation of India

Specialized in offering time definite solutions with focus on Tier II and III cities

ERP enabled operations, Barcoding on packaging, GPS enabled vehicles and CCTV surveillance All India

Serves 95% of B2B customers & 5% of B2C Customers

The only express cargo company in India with own set up across nation. Offers Sunday, Holiday and late pickup services

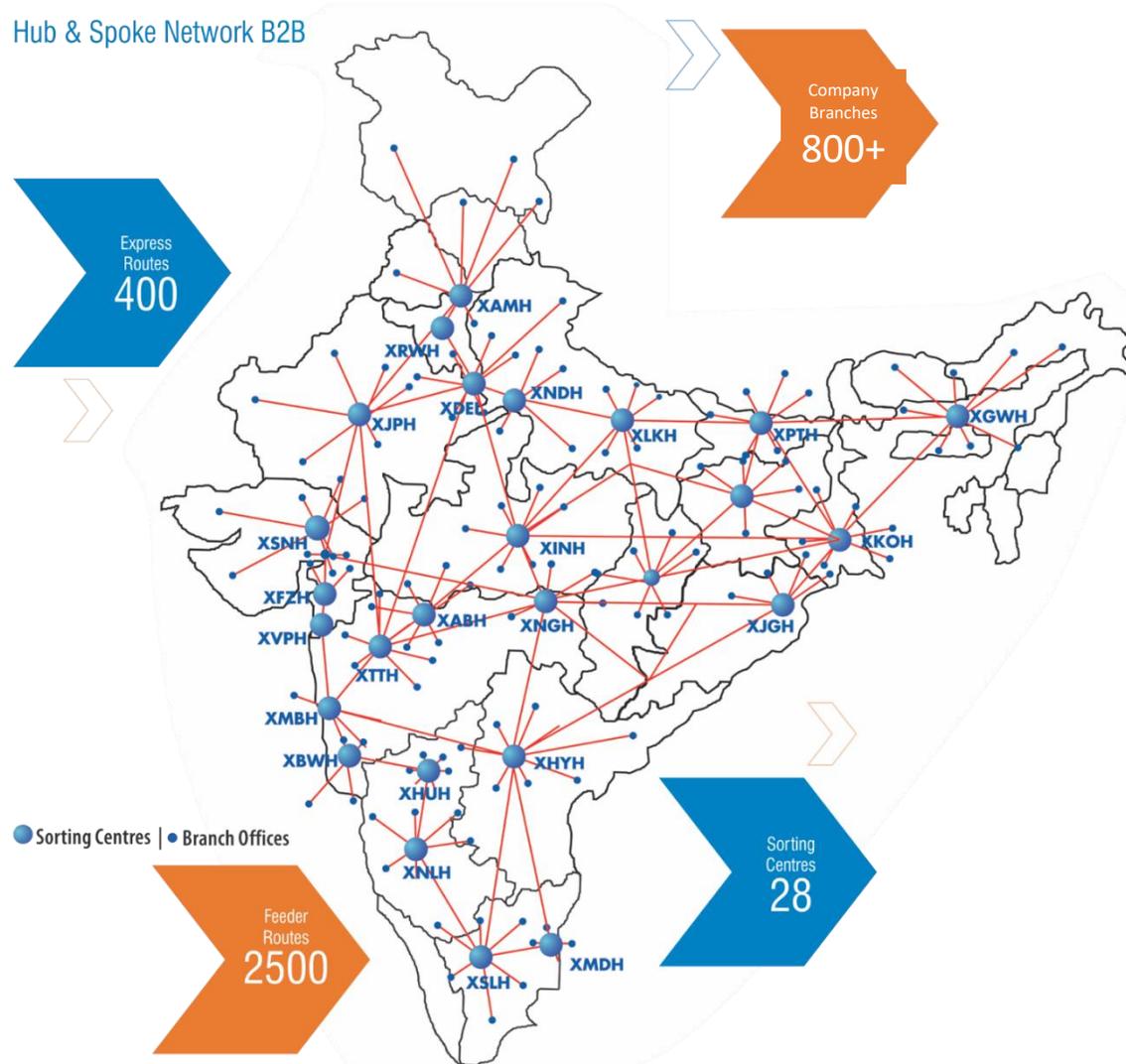
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Geographical Footprint

Fastest Delivery Company in India

Hub & Spoke Network B2B





Revenue Growth

Negligible impact expected on Express due to economic slowdown

- Highly diversified client base and well spread across industry verticals
- Continuous expansion in Metro and Tier I Cities through new branch offices



Capital Expenditure

Planned CapEx of Rs. 400 crores in next 5 years

- Investment in sorting centres
- Automation and enhancing technological capabilities



TCI Express Offering

- Expand value added services
- Continuous focus on volume growth through B2B client acquisition
- Expand air international business

Financial Performance

Particulars (in Cr)	Q2		Y-o-Y	Q1	Q-o-Q	Six Months		Y-o-Y
	FY2020	FY2019	Growth (%)	FY2020	Growth (%)	FY2020	FY2019	Growth (%)
Total Income from Operations	271.1	248.0	9.3%	256.9	5.5%	528.0	496.1	6.4%
EBITDA	32.3	28.1	15.1%	30.3	6.6%	62.7	55.6	12.8%
Margin (%)	11.9%	11.3%		11.8%		11.9%	11.2%	
EBIT	30.5	26.4	15.5%	28.6	6.8%	59.1	52.4	12.7%
Margin (%)	11.2%	10.6%		11.1%		11.2%	10.6%	
PBT	30.2	25.3	19.4%	28.3	6.7%	58.6	50.1	16.8%
Margin (%)	11.2%	10.2%		11.0%		11.1%	10.1%	
PAT	26.1	16.3	60.6%	18.4	41.9%	44.5	32.4	37.5%
Margin (%)	9.6%	6.6%		7.2%		8.4%	6.5%	
EPS	6.82	4.25	60.4%	4.81	41.7%	11.62	8.46	37.4%

Notes:

1. EBITDA and EBIT includes other income
2. EBITDA and EBIT Margins are calculated on Total Income from Operations

* All numbers in Crores unless specified



Q2 FY 2020 Performance Discussion

- Revenue growth of 9.3% y-o-y attributable to increase in new customers from SME Segment
- EBITDA Margins increased 60 bps, from 11.3% in Q2 FY2019 to 11.9% in Q2 FY2020 primarily due to:
 - Operational efficiencies and effective cost control measures
- TCI Express became debt free company during the last quarter with surplus funds of Rs. 27 Cr at the end of Sep 2019
- Capex of Rs. 2 Cr incurred during the quarter and Rs. 7 Cr in H1 FY2020 on expansion of sorting centres and IT infrastructure, with the annual target of Rs. 80 Cr for FY2020
- Construction at Pune and Gurgaon sorting centers are progressing well and is expected to be completed by the end of the fiscal year and operations will commence from the beginning of FY2021
- 15 new branches were added during the quarter in the metro cities to deepen TCI Express presence, as a part of our core strategy



Leverage Profile

Particulars (in Cr)	Sep-19	Mar-19	Sep-18
Long Term Debt	2.4	2.3	2.5
Short Term Debt	1.1	6.4	38.7
Total Debt	3.6	8.7	41.1
Less: Cash & Cash Equivalents	31.0	17.1	18.7
Net Debt / (Net Cash)	(27.4)	(8.4)	22.4
Total Equity	310.1	267.2	232.7
Net Debt / Equity	(0.09x)	(0.03x)	0.10x

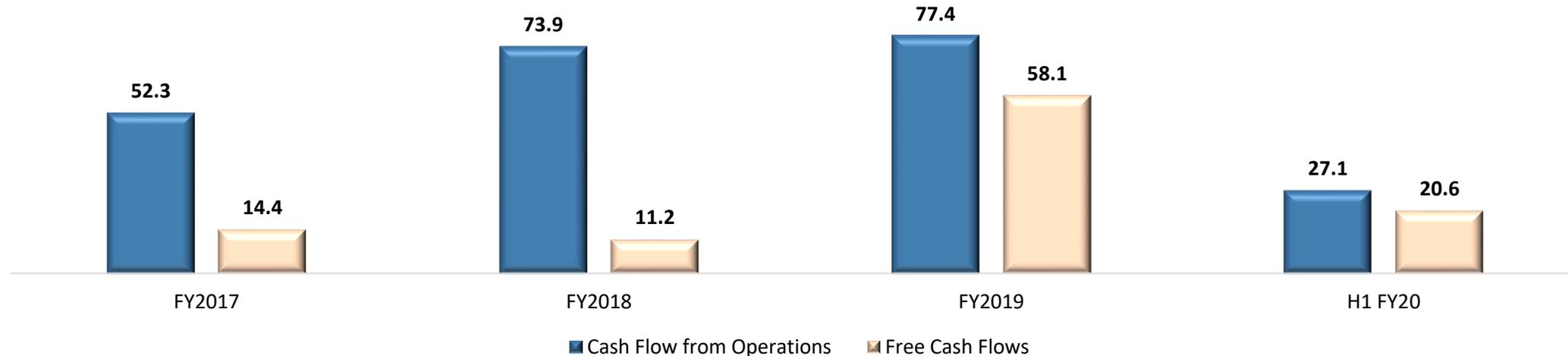
Credit rating of A1+ Short Term (ICRA) and AA- Long Term (CRISIL)

The company has a net cash position of Rs. 27.4 Crores at the end of September 2019

Total debt of Rs. 3.6 Crores is with respect to car loans

Cash Flow from Operations vs Free Cash Flows (H1 FY20)

Continue to Generate Strong Cash Flows

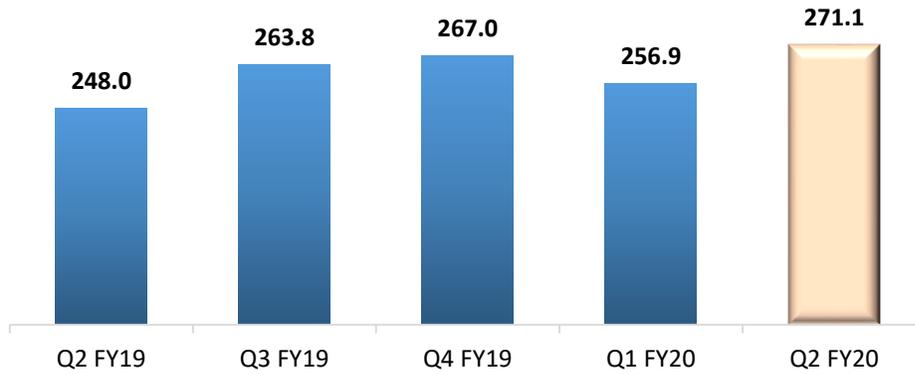


- Track record of consistent generation of cash flows with a focus on enhancing free cash flows
- High EBITDA to cash flow conversion due to low debt and depreciation component
- Efficient working capital management with strong cash flow conversion cycle

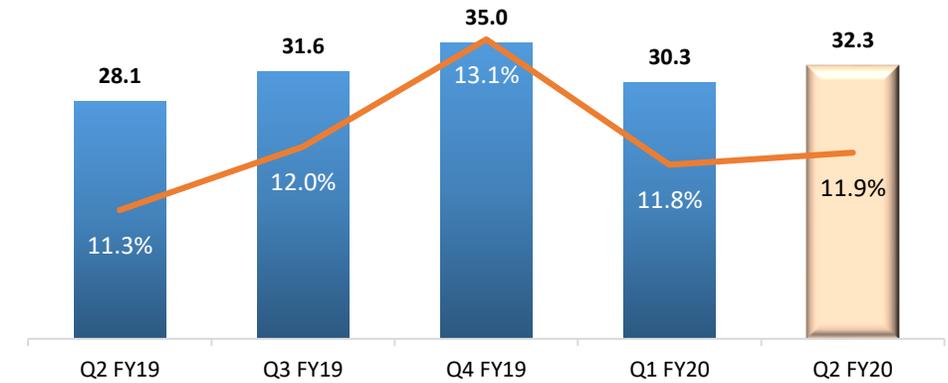


Quarter Performance Trends

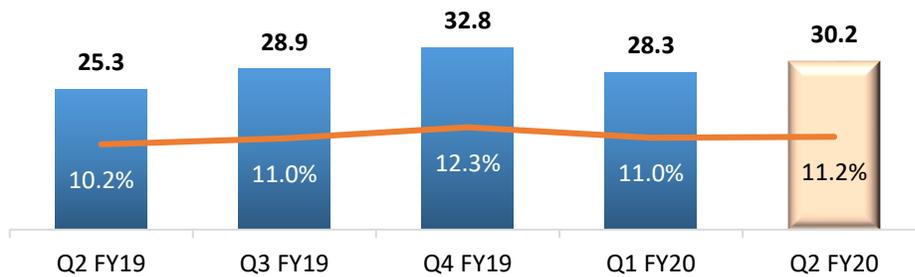
Total Income from Operations



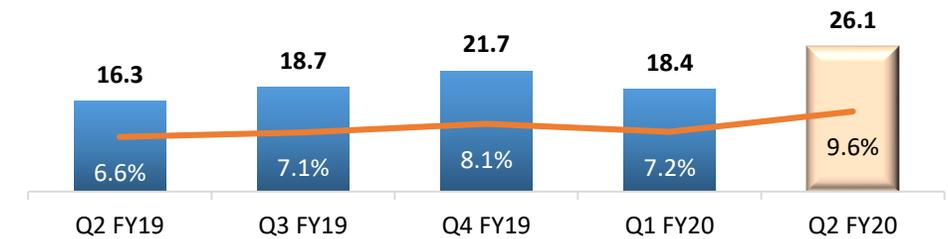
EBITDA and Margins



PBT and Margins



PAT and Margins



Notes:

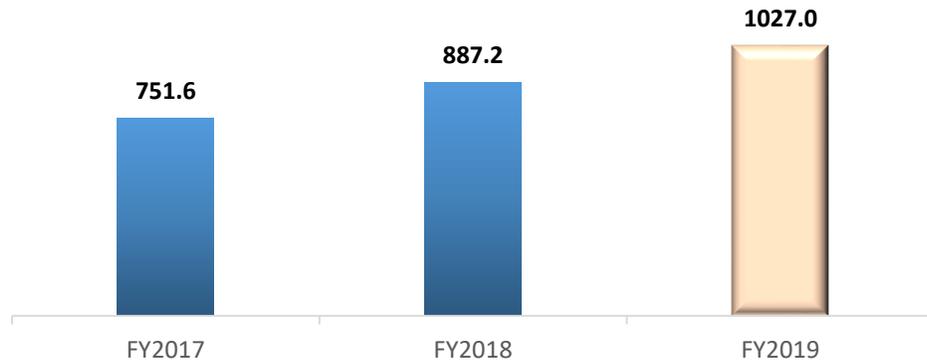
- EBITDA includes other income
- EBITDA Margins are calculated on Income from Operations

* All numbers in Crores unless specified

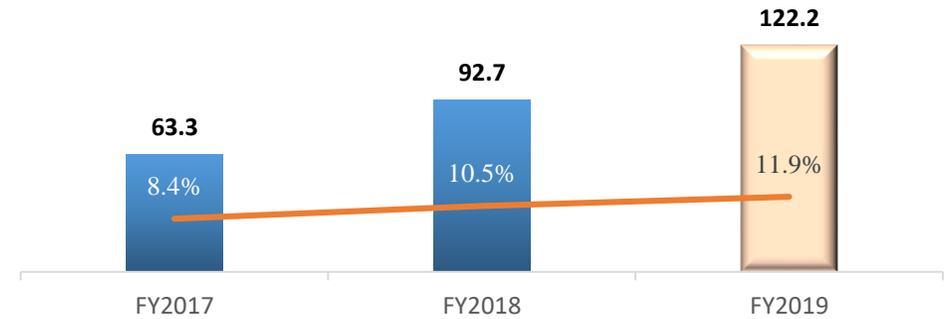


Annual Performance Trends

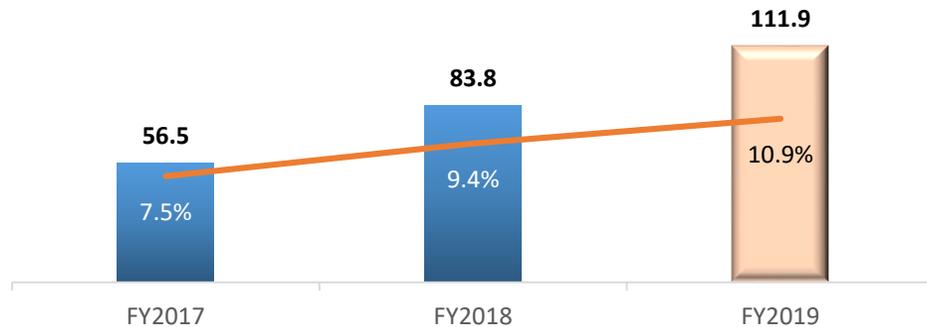
Total Income from Operations



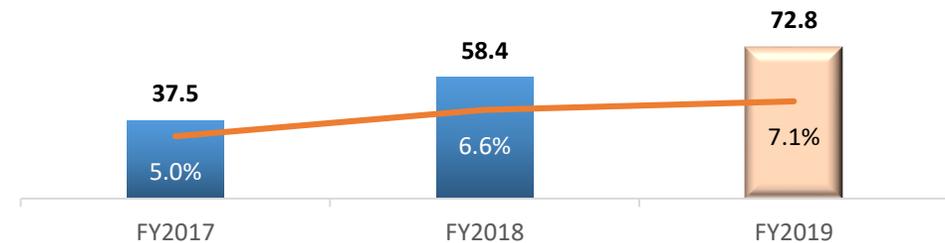
EBITDA and Margins



PBT and Margins



PAT and Margins



Notes:

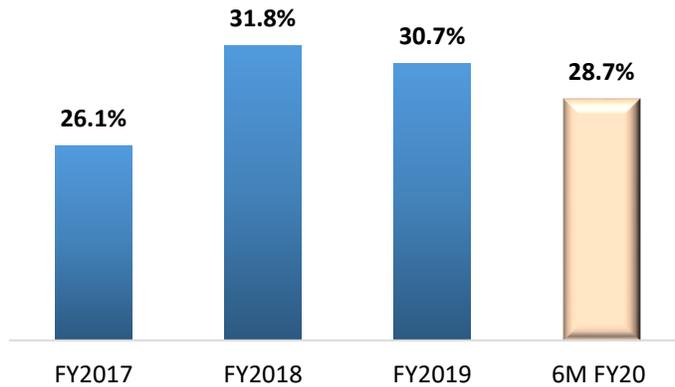
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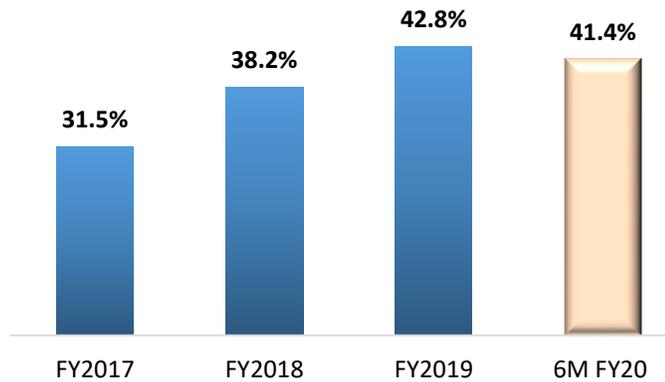


Key Ratios

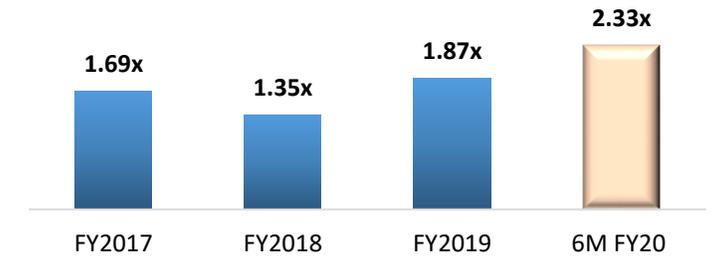
Return on Equity (%)



Return on Capital Employed (%)



Current Ratio (x)



Notes:

1. Annualized 6MFY2020 Figures for RoE and RoCE
2. RoE= PAT/Average Total Equity
3. RoCE= EBIT/ Average Capital Employed

* All numbers in Crores unless specified



Management Team



Mr. D P Agarwal, *Chairman & Director*

Mr. D P Agarwal is the Chairman and Director of TCI. Mr. Agarwal has been associated with the transport industry for more than 51 years. He has been contributing in developing the unorganized logistics sector into an organized one.

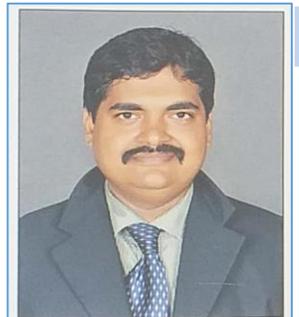
Mr. Agarwal is also associated with various Chambers of Commerce including CII, FICCI & PHDCCI. He also takes active participation in many social and philanthropic activities for the common good.



Mr. Chander Agarwal, *Managing Director*

Mr. Chander Agarwal is a Bachelor of Science in Business Administration from 1996 to 2001 from Bryant College, Smithfield, RI, He joined TCI as Summer Intern and worked in various departments including operations, logistics and marketing etc. thereby getting fair amount of exposure to the key functions in the Company.

His hands-on experience with Transfreight USA, a 3PL specializing in 'lean logistics' for Toyota Motor vehicles, USA, has given him unmatched knowledge of the Supply Chain Management. Currently he is spearheading Group TCI's international expansion across Asia, Latin America & Africa.



Mr. Pabitra Panda, *Chief Operating Officer*

Mr. Pabitra Mohan Panda, is a Chief Operating Officer (COO) of the Company effective from August 7, 2019. He is Post Graduate in Computer Applications and Statistics. He has joined TCI Group in the year 1998 and has a distinguished service record of 21 Years in the Company.

He worked in various functions and departments and risen to the designation of Regional Express Manager. Prior to such elevation as COO, he was appointed Regional Manager-Delhi Region on May 2, 2016.

Management Team



Mr. Mukti Lal, Chief Financial Officer

Mr. Mukti Lal is the Chief Financial Officer at TCIEXPRESS. He is a qualified Chartered Accountant and has been associated with Transport Corporation of India Limited (the Demerged Company) in various capacities for last 13 years. He was working as CFO-XPS, Division of Transport Corporation of India Limited. He is a finance professional with over a decade of experience spanning the entire gamut of finance and had played major role in overall strategy and corporate governance.



Mr. Manish Jain, Sales, Mktg & Corporate Communication

Mr. Manish Jain, Management graduate with 20 years of Logistics/ Express Industry expertise. Worked at all levels from Trainee Sales to Senior Management position. He is currently heading Sales and Marketing for TCI EXPRESS LIMITED. He believes at strong values, team collaboration, consistent and dedicated performance. He always thrives on "Out of the Box" thinking for most complex situations. Ethical, Self-motivated, Conscientious Leader is what defines him the best.

Awards and Recognitions

Logistics Excellence Tech innovator of The Year
At India Logistics Summit & Awards 2019



Best Express Logistics Services Provider of the Year
13th Express , Logistics & Supply chain Leadership Awards



TCI Express Limited as most Brands Industry
Bharariya Manvata Vikash Puraskar 2019



Bharariya Manvata Vikash Puraskar 2019 to Mr. Chander Agarwal as power brands inspirational leader of India



Awards and Recognitions

Won ET Now Stars of the Industry Awards
for Excellence in CSR in 2018



Received Best CFO Award 2019 by
Financial Express



Mr. Chander Agarwal, MD, awarded
India's Inspirational Business Leaders 2019 in London



Won India Cargo Awards as
'Best Express Distribution Company' 2018



Corporate Governance

LISTED ENTITY



Ranked 457 in Top 500 Companies based on Market Cap, as on March 31, 2019

IATA CERTIFICATE



ISO CERTIFIED



RATED BY



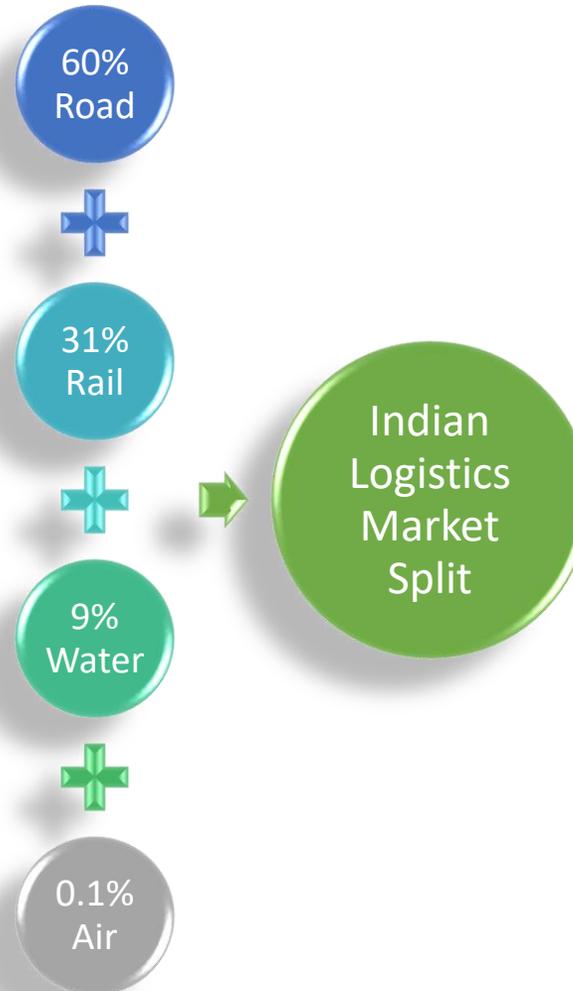
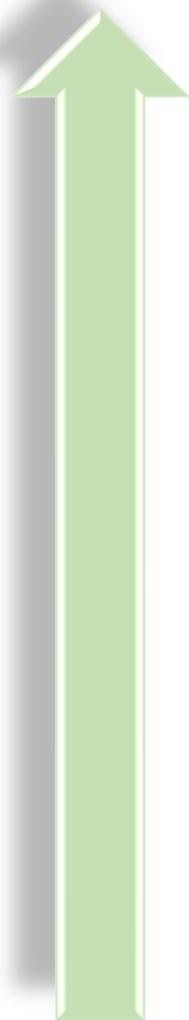
Business Superbrand
of 2019



The Economic Times
Iconic Brands Of India



Express Industry – An Outlook



Logistics as % of GDP

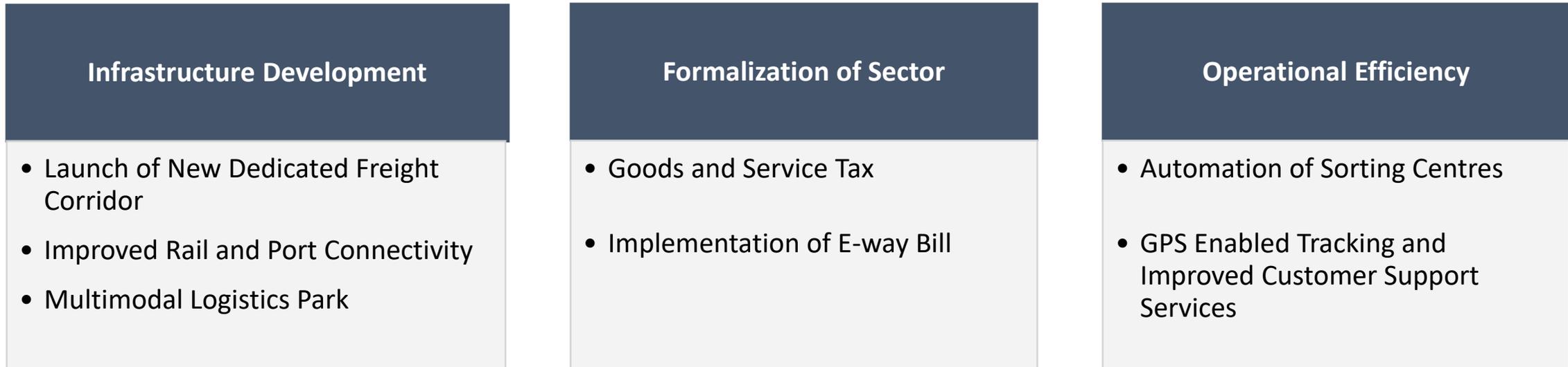


Notes:

1. Source : World Bank Database - 2018 Figures, Department of Commerce – Gov. of India



Recent Logistics Sector Transformation Initiatives



Key areas for creating a sustainable growth in logistics sector



Key Takeaways

- ❑ TCI Express revenue has grown at CAGR of 16.8% in last 3 years
- ❑ Asset light model continues to drive strong cash flows
- ❑ Consistently paying dividend for last 3 years and generating high return on capital employed
- ❑ Strong balance sheet and flexible capital structure
- ❑ Continued focus on technological advancement to reduce turnaround time
- ❑ During H1 FY2020, added 25 new branch offices in the Metro and Tier I cities to penetrate deeper and add more SME customers
- ❑ Express industry is expected to grow 6-9% and TCI Express expected to grow in the range of 12-15%. The Company is well positioned to capitalize on the growing market opportunities

Contact Information

This presentation contains statements that are “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to TCI Express’ future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.

TCI Express undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

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